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STAFF NOTES:

# **Latin American Trends**

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### **LATIN AMERICAN TRENDS**

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Argentina: Quest For The Bomb

Since Argentina's first nuclear power plant went into operation last March, and particularly since the Indian nuclear explosion in May, speculation has been rife over Argentina's nuclear potential and intentions. The prospect of building an atomic bomb received its strongest endorsement yet in a recent column by La Opinion's Mariano Grondona. La Opinion has occasionally been used as a sounding board for government policies, and there is some question about whether this article was an officially inspired trial balloon.

Grondona cites three reasons that are generally raised to argue against the nuclear option:

- -- the high cost
- --incitement of an arms race in Latin America
- -- the danger of proliferation

The columnist then outlines alternative lines of reasoning that "neutralize" the above stated arguments against a "nuclear Argentina:"

- -- the high cost can be compensated by increased technological benefits
- --competition in manufacture of the bomb could be avoided by joint atomic cooperation with Brazil
- --Argentina would be "irresponsible" not to use its new power to become the seventh member of the nuclear club because of uncontrolled proliferation.

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The editorial then enumerates what Grondona believes are the "positive" points in favor of a nuclear capability:

- --externally possession would bring international recognition, prestige, and bargaining power
- --domestically it would rally Argentine pride

This last point is the one which is ultimately most likely to sway Argentine opinion in favor of the nuclear route. Argentine sensibilities are strong in this respect and a chance to overcome past frustrations and failure to achieve national greatness through technological accomplishment would be difficult to pass up. Argentines have long felt that they have an important leadership role to play in South America, and they are likely to seize on an opportunity to demonstrate that to the world.

While Argentine nuclear engineers and some other qualified observers deny that the country has decided to follow in India's footsteps, most evidence suggests that the doors are open in that direction. Argentina has refused to sign the Non-Proliferation Treaty, it is advancing its nuclear program on natural uranium (which Argentina has in abundant reserve) rather than enriched uranium from abroad, and it is devoting considerable resources to the construction of supporting facilities. The country has 24 years of research and development invested in this field, and it seems quite likely to proceed with manufacturing its own nuclear device whatever the cost.

#### Argentina: Labor's Bid For More Power

The General Confederation of Labor (CGT), the mainstay of the Peronist government, has dumped its incompetent secretary general, Segundo Palma, in an apparent effort to inject new strength into the trade union movement.

The CGT has offered the limp excuse that Palma was granted a six-month leave of absence so that he could recuperate from surgery. In fact, his removal was engineered by labor strongman Lorenzo Miguel, who heads the politically important Peronist 62 organizations and the powerful metal workers union. Miguel has been the real power behind the scenes since Palma's predecessor died of a heart attack shortly after Peron's death.

The replacement of Palma by his deputy, Casildo Herrera, merely formalizes a situation that existed because of Palma's weakness and his virtual abdication of responsibility to Miguel and Herrera in the first place. Herrera's leadership potential is unknown but his client relationship with Miguel may militate against his emergence as a strong figure on the labor scene. Some Argentine observers, however, believe Herrera is a rising star and will be a staunch defender of labor's interests.

Meanwhile, Miguel's heavy-handed manner of shunting Palma aside has caused some bitterness within the CGT and strained relations with the Construction Workers Union, which is also nominally led by Palma. US Embassy observers believe that an open split will be avoided thanks to labor's rigid internal discipline and allegiance to the Peronist hierarchy. Miguel will probably continue to fill the leadership vacuum unless Herrera begins to challenge him.

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The shift at the top in CGT management seemed inevitable as long as labor continued to be frustrated by its relative impotence on the national political level. Although it has a major role to play, labor has recognized its isolation from the levers of government policy-making, which have increasingly fallen into the hands of ministerial superstar Jose Lopez Rega. Labor has resented the distance Lopez Rega has placed between it and the President and this is the apparent reason behind the opening of communication between labor and the military in recent months. This trend can be expected to continue as labor seeks ways to make its weight felt in the national political arena.

An offensive to gain greater political participation is already taking place in several provinces where the Peronist labor establishment has clashed with the local bureaucracy, which is in the hands of Peronist politicians. The consequence of this tugof-war, however, is that it adds yet another dimension to the right-left confrontation within the Peronist movement.

The first sign that labor intends to flex its muscles came shortly after the CGT palace coup when Herrera lashed out publicly at a government commerce secretary for failing to consider the working man's welfare by keeping prices under control. This warning is a probable foretaste of things to come. Labor is certain to adopt a hard line when new wage bargaining gets under way soon. As the <u>Buenos Aires Herald</u> put it:"...the CGT is going to sit in the front seat of the government from now on..."

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The prospect that organized labor will take a more aggressive stance will depend largely on its ability to overcome internal organization and leadership problems. Otherwise, it will have a difficult time disengaging itself from strictly labor matters and exercising its real potential as a power bloc. On the other hand, if Mrs. Peron does not pamper labor and give it the deference it expects from a government beholden to its special interests, that in itself might serve as a catalyst for the movement to close ranks and speak with one voice on national matters that concern labor.

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# Brazil: Economics and Government Responsiveness

The prospect for a relative decline in economic growth this year is not dampening the public optimism of Brazilian officials, who continue to stress the very real progress that the country has made and will continue to make. Top officials, from the President down, are, however, altering their rhetoric in a way that reflects both recognition of economic challenges and preoccupation with current or potential problems.

President Geisel, in his year-end speech, stressed Brazil's continuing ability to meet the objectives of its development plan. He pointed out the high rate of employment, prospects for good harvests, and ongoing industrial expansion. Such economic problems as Brazil has, he said, are largely attributable to outside forces and can be dealt with.

Finance Minister Simonsen and other top economic planners recently have been emphasizing how much more growth Brazil will experience this year than most of the industrialized nations, whose economies may very well stagnate or grow only marginally. Top officials also stress that inflation, which resurged during much of last year, has again been brought under control. This encouraging message is designed for the potential overseas investor, notably in the Middle East, as well as for domestic audiences whose anxiety over economic matters has been on the increase.

Government spokesmen also have sought to capitalize on the discovery late last year of significant oil deposits off the Rio coast. They have tried to dispel the gloom occasioned by inflation and balance of payments problems by talking up--rather prematurely --the prospects for early self sufficiency in petroleum.

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Notwithstanding this outward optimism, it is not difficult to discern a realization among top officials that a lowering of economic expectations is unavoidable. No longer do economic planners confidently predict a yearly growth rate of 10 percent--to which Brazil had become accustomed--or for that matter, any specific figure. In private, they speak of growth on the order of 5 or 6 percent, still impressive by comparison with other nations but nonetheless a comedown for Brazil. The administration has set no specific target for the reduction of inflation in the coming year, a practice that had become routine under the previous administration. Finally, in recognition of the serious balance of payments problem, the government has placed strict limits on imports, a move certain to have an inhibiting effect on growth.

Since the revolution bases its claim to power largely on its ability to deliver on economic promises, the government is apt to be particularly sensitive to any economic setback, especially if there is any possibility of prolonged, serious downturn. Geisel administration has incorporated in its list of economic priorities for 1975 a number of items-featured rather prominently--that reflect increased attention to social rather than strictly growthrelated matters. Specifically, the government has acknowledged the need to foster social development and more equitable distribution of national income. Moreover, Geisel has set limits on the amount of price increase permissible this year on goods and services provided by the public sector, and is allowing substantial wage increases.

These moves appear to be in response to last fall's opposition electoral victories, generally seen as a mass protest against worsening economic conditions. Moreover, the government's action may signal a realization that, if the economy no longer booms as it once did, the revolution's appeal for support must be broadened. If this is indeed the case, it appears that lowered economic growth prospects will have contributed, at least somewhat, to greater government responsiveness to the populace.

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### Colombia: Closing the Door on ANAPO

The death of former dictator Gustavo Rojas Pinilla on January 17 will accelerate the collapse of his personal, 12-year political vehicle, the National Popular Alliance (ANAPO). His death also robs a million or more Colombian have-nots of a slickly attractive package of promises; their drive, fueled by his rhetoric, carried him to within a hair's breadth of the nation's presidency in 1970.

Like many populist phenomena, the development of ANAPO was a political enigma. It can never be known whether the appeal of Rojas was sufficient to explain ANAPO's rise, or whether the circumstances and the times played more than just a background role. The unique quality of Colombian politics during the Liberal-Conservative National Front coalition (1958-1974) argues persuasively for the importance of circumstances, as increasing numbers of anti-establishment voters turned to the alternative of ANAPO as the long, dull years of coalition drifted slowly by.

In 1962, the year of its creation, ANAPO won two percent of the popular vote for president; by 1966 it was up to 23 percent, and in 1970 to 40 percent, losing by 63,000 votes. In the 1974 election, the first post-coalition presidential race, ANAPO polled only 10 percent. Since 1970, the ANAPO mantle has gradually passed from the ageing Rojas to his daughter, Maria Eugenia. Traditional Colombia's reluctance to accept a female political leader no doubt also contributed to the beginning of ANAPO's decline.

Following the election to the presidency of Liberal Alfonso Lopez Michelsen last April, dissident Liberal leaders who had expressed themselves through the ANAPO

medium suddenly rediscovered their Liberal Party allegiances and left ANAPO without a backward glance. Even prior to the election, dissident Conservatives who had similarly huddled beneath the ANAPO umbrella began trickling back to their parent party in the hope of unifying and maximizing the anti-Liberal campaign. Reflecting on this wholesale desertion, caustic candidate Maria Eugenia privately observed apropos of the election that if she won she would be hard pressed to staff an administration out of what remained of ANAPO.

Observers of the Colombian scene, who have been alternately charmed, outraged, impressed, and perplexed by the ANAPO phenomenon over the past decade, will have to seek their diversion elsewhere as post-Rojas, post-coalition politics unfold. Unlike the National Front, neither Rojas nor ANAPO figured in the Colombian constitution. Indeed, the rise of ANAPO and Rojas' use of it were clearly contrary to the spirit of the constitutional prescription for coalition government. But in the end all three-front, ANAPO, and Rojas--shared one thing: virtually together they passed into Colombian history.

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## Venezuela: Cabinet Reorganization

The major cabinet reorganization announced last week contained few surprises, presages no major policy shifts, and appears designed primarily to weed out several lackluster incumbents.

The most notable changes were the sacking of Foreign Minister Efrain Schacht--demoted to Secretary General of the Presidency--and the appointment of AD party leader Octavio Lepage as minister of interior.

Schacht has been in political eclipse since the Quito conference, when he failed to obtain the lifting of OAS sanctions against Cuba. His replacement, Ramon Escovar Salom, has maintained close relations with US Embassy officials, though he is no less dedicated to a more independent foreign policy for Venezuela than his predecessor. He is expected to implement a far-ranging reorganization of the foreign ministry to bring it into line with Venezuela's recent emergence as a world power and to implement Perez' policies more effectively. Although a man of independent views, Escovar is expected to adhere more closely to Perez' instructions on foreign policy than Schacht

The appointment of Octavio Lepage, secretary general of the governing Democratic Action party and party militant, to this key civilian cabinet position serves two purposes: it brings a representative of the party's old guard into the government and at the same time paves the way for former interior minister Luis Pinerua Ordaz --Perez' reputed choice for the party presidential

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general of the party, a traditional stepping stone	
for presidential aspirants.	25X′
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In fine, Perez comes out with a cabinet tilted	
more toward party stalwarts, with fewer independents.	
However, the key economic posts of finance, Cordiplan,	
hydrocarbons, and minister of state for international	
economic affairs remain unchanged, indicating a con-	
tinuation of the aggressive international economic	
policy that has characterized the Perez administration	_
since its inauguration last March.	25X1

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Venezuela: OLADE Meeting in Quito

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Economic experts of the Latin American Energy Organization (OLADE) meeting in Quito next week will hear Venezuelan plans for a program of limited cooperation between its members and petroleum consumers. The package is said to contain specific proposals for creation of a monetary fund, special quotas for oil imports, and joint economic ventures. These proposals may be discussed by OLADE oil ministers later this year.

Although the former Caldera administration was the prime mover in setting up OLADE, the Porce admin

the prime mover in setting up OLADE, the Perez administration has shown marked disinterest in the organiza-It has even delayed presenting the OLADE treaty for congressional ratification until it receives what it regards as further clarification on the organization's projected aims and programs. The Venezuelans are wary of the financial obligations that membership would entail since they would be among its most affluent members and would be expected to bear a large share of the costs. Although Venezuela's dilatory and off-handed treatment of OLADE has been a disappointment to Latin nations that have already ratified the treaty, this attitude is perfectly consistent with Perez' belief that OLADE's goals are unrealistic and that the organization will not do much more than gather and exchange information. Venezuela's wholehearted support and financial backing, the organization is unlikely to have much impact.

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# Panama: Government-Business Honeymoon Over?

Since the start of 1975, the truce that has existed for a year between the Torrijos government and the National Council of Private Enterprise (CONEP), the country's leading business organization, seems to have been slipping badly. Last Friday, CONEP attacked the government's economic policies and issued a gloomy forecast. It also took up again the charges of Communist influence in the government. Some CONEP members also signed a manifesto published on January 26 criticizing the government and calling for the revival of the political parties, which have been in limbo since Torrijos came to power. The pro-government press has launched a salvo of denunciations of the "selfish, unpatriotic" signers of the manifesto, and has blasted CONEP for trying to create a climate of despair.

No single incident seems to have sparked the renewal of the feud. Rather, it seems to have resulted from the businessmen's growing fear that if Torrijos can negotiate and secure ratification of a new canal treaty, he will become almost invulnerable and will be able to carry out any policies he chooses.

#### Mexico: From Kidnapings to Bombings

Mexico's urban terrorists seem to have decided that bombings are less risky than kidnapings as a political weapon. On Monday this week, they set off explosions in stores, banks, and government offices in three cities, killing five persons and wounding nearly 30. Last month they exploded bombs and robbed two Mexico City banks. In November, in an attack very much like Monday's, the terrorists detonated bombs in three cities in a coordinated attack.

The terrorists have stayed away from major political kidnapings in the past few months, probably because they have learned to their dismay that the government is willing to play as rough a game as they. In the abduction last September of President Echeverria's father-in-law, for example, the government reportedly won the elder Zuno's safe release by threatening the lives of imprisoned terrorists and their families. The rescue of Senator Figueroa, also in September, may not have been accomplished solely by a gun battle between army troops and the late Lucio Cabanas' group, as the government claims. There is reason to believe that the government paid a \$2 million ransom and then simply ordered the army to ambush the Cabanas gang as soon as Figueroa was exchanged for the money. Two months later Cabanas was killed in a shootout with the army.

The effect of the government's rough policy has been to discourage political kidnapings, forcing the terrorists to turn to bombings. This is not to say, however, that when the motive is purely financial, the terrorists may not still attempt to kidnap a wealthy individual or rob a bank or two.

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# Costa Rica May Block Foreign Ownership of Land

President Daniel Oduber has announced that he will soon be sending to congress a bill prohibiting the transfer of real estate to foreigners. Oduber stated that the legislation, which sets a precedent for restricting foreign investment, will be submitted to the National Assembly early next March.

Despite the generally favorable climate for foreign investment, large-scale purchases of land by foreigners have increasingly concerned Costa Ricans. Until recently they have welcomed new settlers more enthusiastically than has any other Latin American country, but many now are becoming irritated by the multitude of absentee property owners--mostly US citizens--who have taken advantage of the sociopolitical stability and relatively inexpensive property and cost of living.

There is also growing public pressure for tighter regulations on the status of retired foreigners living in Costa Rica. A large factor in this pressure is concern that the government's refusal to extradite fugitive financier Robert Vesco will give their country a reputation of being a haven for criminals.

#### ANNEX

## Third World Overpopulation: The Case of El Salvador

The world's population growth comes principally from the underdeveloped countries of Asia, the Middle East, Africa, and Latin America. Globally, the prospects are dim that supportive elements can keep pace with high birth rates. El Salvador, the most densely populated mainland nation in the Western Hemisphere, typifies many of the consequences of overpopulation. Also, the obstacles to resolving this small nation's demographic problems are found throughout the Third World.

El Salvador is the smallest country in Central or South America; 8,083 square miles. By 1980, it is estimated that the population density will exceed 600 persons per square mile. Rural population makes up 60 percent of the total, but peasants, like their counterparts throughout the hemisphere, are flocking to the capital in search of a better life. San Salvador is incapable of absorbing the steady flow of rural migrants, most of whom end up in overcrowded slums.

With an average annual growth of 3.4 percent and a life expectancy of only 52 years, the population is relatively young--almost half the total is under fifteen. A small fraction of the people must carry the burden of eradicating the chronic malnutrition and illiteracy that affect the vast majority.

Complicating this demographic explosion is the fact that food production is inadequate. Since the late nineteenth century, Salvadoreños have had to import basic foods. The percentage of the total territory in use is the highest in all Latin America, and there are no new lands to be settled.

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Most decision-makers are aware of the nation's population problem, but many obstacles continue to hinder effective action. For example, the traditions of the Roman Catholic Church and the rural, subsistence nature of the society encourage large families. More significantly, however, demographic programs have been limited to quick-fix solutions to overcome the effects of rapid population growth, rather than long-term plans in response to the underlying causes.

#### Emigration

El Salvador has been exporting its population problem for years. A program of planned emigration to the underpopulated areas of neighboring countries was tried as a short-range solution in the early 1970s. Guatemala and Costa Rica indicated a reluctant willingness to resettle some Salvadoreños, but plans were never finalized.

Owing to the rural land shortage, many farmers moved to unpopulated Honduran territory, where they established a colony of over 300,000 subsistence farmers. In the 1960s the migrants for the first time included skilled laborers who competed with Hondurans for work. The Salvadoran presence was increasingly resented, and was a major cause of the 1969 "Soccer War." Most of the migrants were expelled, and the two countries have still not normalized their diplomatic relations. In fact, some Salvadoran military officers argue that the country needs additional population for the manpower required to defend the nation against Hondurans.

The government is now discouraging emigration, since most of those who leave are among the best trained and most highly educated in the country.

# Family Planning

The family planning policy, similar to those of most other Latin countries, has been in effect, defacto, since 1966. It is generally oriented toward the improvement of maternal and child health, the improvement of family stability, and the elimination of illegal abortions. This program has been publicly supported longer than those in most other Latin countries. However, only about 10 percent of the fertile female population has participated in the plan, and it has been ineffective in combating high population growth rates.

## Future Prospects Dim

El Salvador has been spared the mass starvation wrought by droughts and other natural disasters that are common in much of the underdeveloped world. However, many Salvadoreños are already suffering a slow, but steady deterioration caused by malnutrition, and an overcrowded, disease-ridden environment. No significant changes in this trend are in sight.

At the start of his five-year term two and a half years ago, President Arturo Armando Molina singled out demographic control as a national priority. Like preceding administrations, however, the Molina team has failed to outline specific objectives, much less implement an incisive program.

Molina is faced with widespread criticism over his failure to manage the nation's serious economic ills, but it is doubtful he will risk further erosion of support by launching an effective program that might offend religious and sociological traditions.

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For now, the government's inaction on long-range reform programs will at least irritate the symptoms of socio-political instability. Some peasant unrest, leftist violence, and student demonstrations will continue to challenge Molina for the remainder of his administration. Over the longer term, the political leadership's failure to look beyond short-term political interests is apt to have a catastrophic impact on Salvadoran society.

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